

The Institution of Engineers, Australia; Sydney Division
Engineering Heritage Committee

ORAL HISTORY PROGRAM

INTERVIEW TAPE LOG

INTERVIEWEE : **Jack Hannes**

TAPE NUMBERS :

INTERVIEWER : **Bob Jackson**

IEA SYD BJ14

IEA SYD BJ15

INTERVIEW DATE : **5 August 1998**

NUMBER OF TAPES : **2**

RESTRICTION ON USE : **NIL**

This interview took place at 148 Cammeray Road, Cammeray, on 5 August, 1998.

This interview is part of the Oral History Project of the Engineering Heritage Committee
of the Sydney Division the Institution of Engineers, Australia.

Tape : IEA SYD BJ 14 Side A		
TIME	SUBJECT	NAMES & KEYWORDS
0.00	Born in Berlin. Father a lawyer, Jewish background. Sent to school in England in 1939. Parents also came to England, but in April 1939 the entire family came to Australia. Father set up business in Australia, then died that year, aged 59.	Berlin Jewish background
2.30	Jack Hannes believed that manufacturing engineering was the career to pursue. Therefore he studied Mechanical Engineering at Sydney University. Graduated in 1943	Sydney University Mechanical Engineering
4.00	First job with EMCO (later became EMAIL), then to Standard Telephone & Cables (as planning engineer)	EMCO EMAIL Standard Telephone & Cables STC
5.00	America - small ships for a while	America
5.15	Studied economics after 1945 (night course at Sydney University) - decided that the business side of manufacturing was important	Sydney University - Economics
6.00	Did some lecturing in Physics at Sydney University.	Sydney University - lecturer in Physics
6.30	Started a manufacturing enterprise with a friend - partnership lasted 2 years. Then became an importer and distributor. Specialised in importing photographic equipment - very small scale.	
7.40	Importing concern now necessitated a city address.	
8.00	Founded Hanimex Pty Ltd about end of 1947 (name stands for H annes I mport & E xport)	Hanimex
9.00	Partner taken on in 1950. Still largely importing, but felt time was now ripe to increase manufacturing. 'Argus' cameras were big at this time.	'Argus' cameras
10.00	1954 - started planning for manufacturing in Australia - colour slide projectors. 1955 - started manufacture of projectors.	slide projectors
11.00	Saw colour slides as the future of photography. There were already 3 small manufacturers of projectors (2-3,000 each). But he went for volume - at least 26,000 - and aimed for export.	
12.00	The 'Argus' design was the first projector (paid royalties to Argus, and also obtained the rights to distribute into European market).	
13.20	Became public company in mid-1950s - was successful. Bought 12 acres of land in Brookvale, and built manufacturing plant there in 1956. All components had to be built - they were very self-contained. It took 2-3 years to get to that stage.	Brookvale

TIME	SUBJECT	NAMES & KEYWORDS
15.00	Even in first year of manufacture, they sold 12,000 projectors in Australia, and exported another 12,000 projectors.. In second year, sold 24,000 projectors in Australia.	
17.00	After 2 years, factory was making 70,000 to 80,000 projectors.	
18.00	Hanimex won many export awards. Took advantage of Commonwealth Preference Scheme	Export awards Commonwealth Preference Scheme
20.00	Set up own distribution firm in England. Sent Australian to run the firm. BOOTS (pharmacy chain) in Britain sold a large number.	England BOOTS - British pharmacy chain
24.00	Set up large engineering design department - 30 people in this department at its height in about 1960. Argus name was dropped at this time (from 1962 onwards). Also developed a number of attachments to go with it.	
26.00	Started manufacturing optics in-house. One engineer spent 9 months travelling the world looking at optics factories. Set up optics factory in Hong Kong.	Optics factory Hong Kong
27.00	Hanimex design was world class, so there was no problem with manufacturing and market acceptance anywhere	
30.00	About late 60s, started to diversify Brookvale operation, so it would stay viable. Produced low voltage lights, blow heaters and domestic electric appliances.	domestic electrical appliances
	End of Tape 1, Side A	

Tape : IEA SYD BJ 14 Side B		
TIME	SUBJECT	NAMES & KEYWORDS
0.00	Emphasis on product design, toolmaking & production engineering was key to success. Had good, loyal staff, especially at Brookvale.	
1.30	Grew at a compound rate of 20% a year. Decided not to grow too fast. Went to a lot of trouble with training and staff development. Many staff served in overseas operations.	
3.30	Had 160,000 square feet under roof at manufacturing peak (in Australia) - even built bicycles and other sporting goods.	sporting goods bicycles
5.00	at peak made 90,000 bicycles a year.	
5.40	Bought a polystyrene factory at Mascot (for packaging - especially important was selling projectors.) Used this factory for manufacturing other products (rubber as well as polystyrene) - swim fins, etc.	Mascot Polystyrene
7.30	Hannes spent a lot of time with design staff. Developed polystyrene surf boards - became world's biggest producer of surfboards (budget end of market)	surfboards
9.00	Other electronic goods included sound centres, tape recorders, but had difficulty from 1970 in competing with Japanese tape recorders. Also recorded music on tape.	Japanese imports
11.00	Always complemented manufacturing with importing. Turnover grew from \$10,000 a year, to \$150 million when Hannes left the company in the early 1980s	
13.00	Dwells on business philosophy. Ambition was to build up a company and do things better, especially by way of good design. 2,200 staff at peak worldwide (1,200 in Australia) Never had a strike at any factory - paid over award wages. Does not believe that exceptionally high wages necessarily obtain the right people.	Business philosophy Industrial relations
16.00	Failed to take sufficient account of the 'takeover merchants' in the 1980s. 2 people bought controlling share in Hanimex and demanded say in the company	
18.00	Joss and Goldberg, who now had controlling share wanted more say in the company and wanted to pursue a course which Hannes was not comfortable with - became an impossible situation. "I scared them enough to make them want to sell"	Joss Goldberg
20.00	Came to an agreement with Burns Philp, who agreed to buy out Joss and Goldberg.	Burns Philp
21.30	Now about 1980. Hannes worked amicably with Burns Philp management to start with, but in 1982 Burns Philp recruited a new manager who Hannes found difficulty working with.	

TIME	SUBJECT	NAMES & KEYWORDS
23.20	"I felt the new manager knew very little regarding manufacturing."	Burns Philp
24.00	Hannes had some very good, high profile people on the Board, but Burns Philp were not happy working with Hannes' directors.	
26.00	Hannes threatened to resign if he couldn't run the business his own way, and he did!	
27.00	Since 1982 (now 60 years old) decided not to start another manufacturing venture - just concentrated on private investments.	
28.00	"I really missed manufacturing, but I got over it!"	
	End of Tape 1	

Tape : IEA SYD BJ 15 Side A		
TIME	SUBJECT	NAMES & KEYWORDS
0.00	Discusses further business philosophy - a great believer in the satisfaction of being part of a team of people, building a quality product.	
1.20	Won awards at international trade fairs in Germany, and export awards for products. Met all the trade ministers over the years (in Australia)	Leipzig Fair trade ministers
2.20	"If you feel you must retain control a company, you are reducing its potential" - tension between retaining control of company, and diluting ownership by raising share capital to expand. Chose to expand.	
3.20	Was never concerned with diluting shareholding, if it meant gaining access to more capital to run company.	
4.00	Hanimex still exists today (1998) but is part of Gestetner (of London) which in turn is owned by Ricoh (of Japan). Hanimex now purely marketing and distribution.	Gestetner Rico
6.30	Burns Philp lost control of Hanimex very quickly - did not understand manufacturing.	
10.00	Recaps on the main points already made, linking back to how Hannes personally sees his involvement with the company.	
12.00	Old Hanimexians club! - meets once a year. People come from all over Australia - even a few come from overseas.	Old Hanimexians
13.00	Hannes still maintains friendships with a number of ex senior Hanimex people	
15.30	Hanimex also involved customers with the firm on an ongoing basis (product advisory councils)	Product Advisory Council
17.00	Corporate meetings were held for the international groups in exciting locations - "was excellent because it brought the technical and sales people together."	
20.00	Was a great believer in company culture. Took a lot of care to produce a good monthly house magazine.	
23.00	Discusses government policy manufacturing and the importance of protection for startup companies. Believes a home base is critical - need a good domestic market before you can export.	
28.00	Traditionally high interest rates in Australia have always been a problem (tends to be much higher than in other OECD countries.)	
	End of Tape 2, Side 1	

Tape : IEA SYD BJ 15 Side 2		
TIME	SUBJECT	NAMES & KEYWORDS
0.00	More on manufacturing philosophy and the secrets of success - All employees, down to operator level, should have an interest in their own and the company's success. Achieved by PR, house magazine, and financial incentives - Individual and group incentives, and share option schemes "added icing to the cake"	Secrets of success
2.00	Importance of product name and product image, in expanding into new product lines.	
4.00	Considers himself strategically at fault for losing control of company. Would have preferred that Hanimex had stayed with the original management - there were plenty of able people capable of managing an orderly succession of management. Perceived futility of trying to perpetuate family control of a business - it succeeds so seldom, but "it's human to try it".	Packer, Murdoch
6.00	The use of engineering? Yes, gave Hannes a start in life and provided a tangible direction to career aspirations, but since the startup of Hanimex did not actually work as an engineer. Engineering gave him the desire to create something - product design and manufacturing. but also marketing and selling skills are equally important to his success. His satisfaction was in doing the whole job, from conceiving and designing a product, to marketing and manufacturing it efficiently - "the whole concept, not just one little narrow aspect of it."	
8.00	Gives reasons for being able to get started in business - (a) post war period, with a shortage of products - you could sell anything you had available to sell, and (b) the attitude to tariff protection, which allowed young industries to make a start. (c) a time when there was not much foreign exchange, or inflow of foreign capital, so the government welcomed local manufacture Negotiated import licenses on basis of exporting an equivalent value of finished product. Doesn't believe this would be possible now. Also believes that today, local manufacturers would become more successful by moving offshore - it might also be necessary to ensure their survival. Australian content in locally manufactured products is falling.	
12.00	Believes that no country can maintain a good standard of living without a strong manufacturing sector. - Australia's living standard has been drifting downwards in past 20 years.	

TIME	SUBJECT	NAMES & KEYWORDS
13:00	Problems - relatively high wages, a small home market (which is essential for successful manufacturing), and distance from markets (except for light weight, high value, airfreightable products), which results in unacceptably long delivery times.	
16:00	Some countries have succeeded at this - eg Sweden - exporting high quality, high value-added product Believes a country will not stay wealthy on the basis of its mineral exports and agriculture.	
18:00	Governments must give the lead, to identify and develop areas of skills and know-how for the future. examples - USA, South Korea, Japan (MITI).	USA Korea Japan
19:00	Believes that Japanese success is the result of central Government intervention. (This is helped by having policy makers with first-hand knowledge and experience of industry and technology. Contrasts this with Australia, quite the opposite with policy makers generally economists who don't understand the areas for which they are responsible.)	MITI (Ministry of Trade & Industry)
21:00	Believes that leaving development to market forces would be a disaster for Australia. To maintain our living standard will depend on establishing highly skilled manufacturing and exporting. This can't happen without Government intervention.	(Bob) Mansfield
24:00	Australia has inherited a 'problem' from the UK and the USA - the highly developed Stock Market. - People invest, and expect immediate returns on their investments - this is not possible in a business that is trying to grow, with a 4 or 5 year wait before achieving profitability. In Australia, there is no source of capital for starting and establishing an industry	Stock Market
27:00	End of Tape 2 and of Interview	